

Message Text

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 178236

FOLLOWING REPEAT STATE 178236 SENT ACTION TEHRAN AUG 14TH.

QUOTE:

C O N F I D E N T I A L STATE 178236

E.O. 11652: GDS

TAGS: TECH, ENRG, IR

SUBJECT: ENRICHED URANIUM SUPPLY CONTRACTS

REF: TEHRAN 7259

1. FOLLOWING AEC DISCUSSIONS IN TEHRAN IN MAY, GOI REQUESTED AEC TO PROVIDE ENRICHED URANIUM FOR EIGHT REACTORS WITH TOTAL OUTPUT OF 7200 MEGAWATTS GROSS (4 REACTORS AT 600-800 MWE EACH AND 4 REACTORS AT 800-1000 MWE EACH). AS SPECIAL EXCEPTION TO MORATORIUM PLACED IN JUNE ON FURTHER CONTRACTING, AEC SIGNED TWO CONTRACTS WITH IRAN. THOSE CONTRACTS HAD ORIGINALLY BEEN PREPARED FOR SINGLE REACTORS EACH IN POWER RANGE OF 600-800 MWE, BUT UPON REQUEST BY IRAN AT TIME OF SIGNATURE, POWER RANGE WAS INCREASED TO 1000-1200 RANGE.

2. EACH OF COMMISSION'S STANDARD ENRICHMENT CONTRACTS IS INTENDED TO COVER A SINGLE REACTOR; ANY CHANGE IN THIS RESPECT WOULD REQUIRE A MAJOR REVISION TO THE AEC'S
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CONTRACTING POLICY. THE AEC HAS REPEATEDLY TOLD ITS CUS-

TOMERS, BOTH DOMESTIC AND FOREIGN, OF THIS LIMITATION OF ONE REACTOR TO A CONTRACT. THE LATEST REAFFIRMATION OF THIS POINT WAS MADE BY CHAIRMAN RAY IN TESTIMONY BEFORE JOINT COMMITTEE ON ATOMIC ENERGY ON AUGUST 6. ALTHOUGH THE CONTRACT, ONCE IT HAS BEEN FIRMED UP WITH APPENDICES,

DOES NOT PRECLUDE THE USE OF MATERIAL DELIVERED THEREUNDER IN OTHER REACTORS COVERED BY AN AGREEMENT FOR COOPERATION, THE COMMISSION WILL NOT BE ABLE TO AGREE TO A QUANTITY OF SEPARATIVE WORK UNITS IN A PROPOSED APPENDIX "A" IN EXCESS OF THAT ANTICIPATED TO BE REQUIRED BY THE INTENDED FACILITY. IN THE EVENT IRAN INTENDS TO CONSTRUCT REACTORS RATED AT 600-800 MWE RATHER THAN THE 1200 MWE PRESENTLY PROVIDED IN EACH SIGNED CONTRACT, AND IN VIEW OF POSSIBILITY IRAN MAY HAVE MISUNDERSTOOD AEC POLICY IN THIS REGARD, AEC IS PREPARED PROMPTLY TO RENEGOTIATE THE TWO SIGNED CONTRACTS TO COVER TWO 600-800 MWE REACTORS (I.E., ONE EACH) ON A FIRM BASIS, AS STATED IN FOLLOWING PARA.

3. EMBASSY SHOULD INFORM GOI THAT LONG-STANDING, CONGRESSIONALLY APPROVED AEC POLICY PREVENTS REPLACEMENT OF THE TWO CONTRACTS OF 1200 MWE BY FOUR CONTRACTS OF 600 MWE EACH. GOI, THEREFORE, HAS TWO OPTIONS: (A) RETAIN PRESENT TWO CONTRACTS FOR TWO 1200 MWE REACTORS AND SIGN SIX ADDITIONAL CONDITIONAL CONTRACTS FOR SIX REACTORS TO COVER THEIR REMAINING REQUIREMENTS UP TO 5600 MWE FOR A GRAND TOTAL OF 8000 MWE; OR (B) RENEGOTIATE TWO SIGNED CONTRACTS TO COVER TWO 600-800 MWE REACTORS ON FIRM BASIS AND SIGN SIX CONDITIONAL CONTRACTS FOR SIX OTHER REACTORS TO COVER A MAXIMUM OF 6400 MWE BRINGING TOTAL TO 8000 MWE. IN LATTER OPTION, AEC WILL NOT REQUIRE TERMINATION CHARGES WHICH ARE USUALLY INCURRED IF REDUCTION TO LOWER MWE REACTORS IS REQUESTED AFTER CONTRACTS SIGNED.

4. IN ANY EVENT, IRAN SHOULD BE ASSURED THAT THE PRESIDENT HAS GUARANTEED FULFILLMENT OF ALL CONDITIONAL CONTRACTS IN ANY EVENT, FROM US SUPPLY SOURCES. WE SOON WILL BE PREPARED TO SIGN ADDITIONAL CONDITIONAL CONTRACTS.

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UNQUOTE KISSINGER

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